

Filed Session of March 15, 2012
Approved as Recommended
and so Ordered
By the Commission

JACLYN A. BRILLING
Secretary

Issued and Effective March 21, 2012

STATE OF NEW YORK
DEPARTMENT OF PUBLIC SERVICE

February 28, 2012

TO: THE COMMISSION

FROM: OFFICE OF ELECTRIC, GAS & WATER
– Major Utility Rate Section

SUBJECT: CASE 06-G-1185 – Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of The Brooklyn Union Gas Company d/b/a KeySpan Energy Delivery New York for Gas Service.

CASE 06-G-1186 – Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations KeySpan Gas East Corporation d/b/a KeySpan Energy Delivery Long Island for Gas Service.

Compliance Rate Filings by The Brooklyn Union Gas Company d/b/a KeySpan Energy Delivery New York and KeySpan Gas East Corporation d/b/a KeySpan Energy Delivery Long Island Pursuant to Commission Order issued December 21, 2007.

SUMMARY OF

RECOMMENDATION: Staff recommends that the tariff filings be allowed to become effective on a permanent basis upon the issuance of this Order.

SUMMARY

The Brooklyn Union Gas Company d/b/a KeySpan Energy Delivery New York (KEDNY) and KeySpan Gas East Corporation d/b/a KeySpan Energy Delivery Long Island (KEDLI) (or the Companies) have filed revisions to their gas tariffs in compliance with the Commission's Order Adopting Gas Rate Plans for KeySpan Energy Delivery New York and KeySpan Energy Delivery Long Island issued December 21, 2007 in Cases 06-G-1185 and 06-G-1186 (Rate Order). The Rate Order adopted the

terms and conditions of a Joint Proposal filed October 11, 2007. The Joint Proposal provides for a five-year rate plan which began on January 1, 2008 and continues through December 31, 2012. The tariff amendments are designed to implement the rate changes of KEDNY and KEDLI for the fifth rate year (January 1, 2012 through December 31, 2012). The changes do not increase base rate revenue but instead continue the gradual shift of revenue recovery from the delivery block rates to the monthly minimum charges as the Commission ordered. In addition to base rate changes, KEDNY and KEDLI revised their Delivery Rate Surcharges as established in the Rate Order. The Delivery Rate Surcharges were created to establish a fund to pay for manufactured gas plant remediation.

Staff has reviewed the Companies' filings and found them to be in compliance with the Rate Order. Therefore, the tariff filings should be allowed to become effective on a permanent basis.

BACKGROUND

Ordering Clause 3 of the Rate Order directed KEDNY and KEDLI to file tariff changes as are necessary to effectuate the terms of the Rate Order for the fifth rate year. The Rate Order further provided that such amendments were to become effective on a temporary basis on or after January 1, 2012, but would not be made permanent until approved by the Commission. The Rate Order required KEDNY and KEDLI to serve copies of the proposed tariff amendments on all active parties to the rate proceedings allowing 14 days for comments.

On November 30, 2011, KEDNY and KEDLI filed the required tariff amendments and advised the Secretary that copies of the filings have been served on all parties to Cases 06-G-1185 and 06-G-1186. Pursuant to the terms of the Rate Order, the tariff amendments became effective on a temporary basis on January 1, 2012.

DISCUSSION AND CONCLUSION

Implementation of the terms and conditions of the fifth year of the rate plan required revisions to rates and provisions of KEDNY's and KEDLI's gas tariffs, P.S.C.

Nos. 12 and 1 – Gas, respectively. Staff has reviewed the Companies’ filings and confirmed that the amendments properly reflect the terms and conditions of the Rate Order. Staff also notes that the filings properly reflect the Commission’s October 15, 2010 order¹ in these proceedings that required the Companies to freeze the monthly minimum charge for participants in the Low Income Discount Program at the Rate Year Three level. A list of the tariff amendments filed by the Companies is shown in Appendix I. Changes included in the tariff amendments are summarized in Appendix II.

No party has objected to the changes and Staff does not believe any modifications to the amendments are needed. Accordingly, there is no impediment to adopting them on a permanent basis.

RECOMMENDATION

It is recommended that the amendments listed in Appendix I be allowed to become effective on a permanent basis upon the issuance of this Order.

Respectfully submitted,

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Reviewed by:

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¹ Case 06-G-1185, et al., KEDNY/KEDLI – Gas Rates, Order Approving Disbursement of Funds From Low Income Program Balancing Accounts (issued October 15, 2010).

CASES 06-G-1185 and 06-G-1186

Approved by:

RAJ ADDEPALLI
Deputy Director Office of Electric, Gas and Water

SUBJECT: Filings by:

THE BROOKLYN UNION GAS COMPANY
D/B/A KEYSpan ENERGY DELIVERY NEW YORK

Amendments to Schedule P.S.C. No. 12 – Gas

Eighth Revised Leaf No. 138.50
Ninth Revised Leaf No. 229
Tenth Revised Leaves Nos. 148, 156
Thirteenth Revised Leaves Nos. 164, 171, 172
Fourteenth Revised Leaf No. 152
Fifteenth Revised Leaves Nos. 140, 144, 153, 160, 163, 340
Sixteenth Revised Leaf No. 159
Seventeenth Revised Leaf No. 339
Twenty-Second Revised Leaf No. 341

Received: November 30, 2011 Effective: January 1, 2012*

KEYSPAN GAS EAST CORPORATION
D/B/A KEYSpan ENERGY DELIVERY LONG ISLAND

Amendments to Schedule P.S.C. No. 1 – Gas

Fifth Revised Leaf No. 137.1
Sixth Revised Leaves Nos. 122.2, 122.3
Seventh Revised Leaves Nos. 125, 128, 213
Eighth Revised Leaf No. 124
Ninth Revised Leaves Nos. 121, 122, 127
Tenth Revised Leaf No. 119.50
Fifteenth Revised Leaf No. 137
Sixteenth Revised Leaf No. 138

Received: November 30, 2011 Effective: January 1, 2012*

*Effective on a temporary basis

THE BROOKLYN UNION GAS COMPANY D/B/A KEYSpan ENERGY DELIVERY
NEW YORK'S TARIFF CHANGES PURSUANT
TO COMMISSION'S DECEMBER 21, 2007 ORDER

As described in the Commission's December 21, 2007 order in Case 06-G-1185, KEDNY has made tariff changes as follows:

Update its Volumetric Delivery Surcharge
to Increase Revenues by \$5 Million

KEDNY revised its volumetric delivery surcharge to reflect the recovery of an additional \$5 million as directed in the Rate Order. The surcharge, which is applicable to each firm service classification, is based on the percentage of each class' contribution to total firm delivery revenues. The revenue collected from the surcharge is placed in a deferral account and collects interest at the rate equal to the allowance for funds used during construction.

On a revenue neutral basis, KEDNY also increased minimum charges and reduced volumetric rates for several service classifications.

KEYSPAN GAS EAST CORPORATION D/B/A KEYSpan ENERGY DELIVERY
LONG ISLAND TARIFF CHANGES PURSUANT TO
COMMISSION'S DECEMBER 21, 2007 ORDER

As described in the Commission's December 21, 2007 order in Case 06-G-1186, KEDLI has made tariff changes as follows:

Update its Volumetric Delivery Surcharge
to Increase Revenues by \$10 Million

KEDLI revised its volumetric delivery surcharge to reflect the recovery of an additional \$10 million as directed in the Rate Order. The surcharge, which is applicable to each firm service classification, is based on the percentage of each class' contribution to total firm delivery revenues. The revenue collected from the surcharge is placed in a deferral account and collects interest at the rate equal to the allowance for funds used during construction.

On a revenue neutral basis, KEDLI also increased minimum charges and reduced volumetric rates for several service classifications.